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This Prospectus is not, and under no circumstances is it to be construed as, a public offering of these shares for sale in the United States of America, or in the territories or possessions thereof.

Fili
115,000 COMMON SHARES

without par value

FEB 22 1962

MOTORCADE STORES LIMITED

(Incorporated under the laws of the Province of Ontario)

CAPITALIZATION

(As at August 14, 1961)

	AUTHORIZED	OUTSTANDING
<i>Common Shares without par value</i>	1,000,000	400,000

The offering of these shares by the Underwriter represents new financing by the Company to the extent of 100,000 shares. 15,000 shares are being made available through the Underwriter from the holdings of the principal shareholders and the proceeds from the sale of such 15,000 shares will not be paid into the treasury of the Company. Additional shares may be offered by the principal shareholders at the market.

TRANSFER AGENT AND REGISTRAR

THE CANADA TRUST COMPANY, TORONTO, ONTARIO.

We, as principal, offer these 115,000 common shares (if, as and when issued as to 100,000 shares and accepted by us as to the total number of shares offered) and subject to the approval of all legal matters on behalf of the Company by J. A. Gilbert, Toronto, Ontario, special Counsel to the Company, and by Messrs. Pivnick & Chusid, Toronto, Ontario, Solicitors for the Company, and by Messrs. Manley, Grant & Armstrong, Toronto, Ontario, on our behalf.

Subscription for the said shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

PRICE: \$2.75 per share

R. H. SCARLETT & CO. LTD.

Member of The Toronto Stock Exchange

11 Adelaide Street West, Toronto 1, Canada, Telephone EMpire 4-1281

Branch Offices: King Edward Hotel, Toronto • 16 West Street North, Orillia

*The following information has been supplied by Mr. Martin Winter,
the President of MOTORCADE STORES LIMITED*

In the past four and a half years, Motorcade Stores Limited, as a privately-owned enterprise, has established a successful and growing business in the wholesale distribution of automotive parts and accessories in the Province of Ontario. Now in its fifth year, Motorcade has decided to carry out a program of expansion by which it also intends to enter the retail automotive market directly through a chain of company stores to be located in metropolitan centres. It is Mr. Winter's considered opinion, based on his appraisal of the growing replacement and accessory market occasioned by the continued increase in truck and motor car registrations in Ontario, and upon the growth Motorcade has achieved since incorporation in 1956, that such expansion is warranted and desirable at this time.

Until this year, Motorcade has operated through approximately 90 dealers throughout Ontario primarily in rural areas handling Motorcade products only. These dealers are independent operators who, for the most part, own their own property and business and many of whom are themselves licensed mechanics. Motorcade's new program envisages a further extension of such dealerships in the wholesale field, and sales personnel are now devoting full time to this endeavour. Through their connection with Motorcade, these independent garage operators and service stations are better able to compete with the chain automotive supply houses. At the same time, they provide a new mass market for automotive parts and accessories.

The most challenging part of the Motorcade expansion program, however, is to be found in its decision to establish a series of direct-to-customer stores in large metropolitan areas, starting first with Metropolitan Toronto, with its expanding population of more than 1,500,000 people, and an available market of close to a million cars and trucks.

The first of these stores has already been established on Caledonia Road just north of Eglinton Ave. West, and the results so far, after only a few months of operation, are proving highly satisfactory. Motorcade's advertising is attracting an increasing number of customers, and it is proposed to maintain a high level of consumer advertising and promotion.

The objective of Motorcade is to locate several such stores and service centres in various parts of the city, utilizing where desirable existing gasoline stations which can be transformed into Motorcade Automotive Supply and Service Depots. These stores will carry a complete line and will be equipped to handle all service demands. A concentrated effort is also being made to service company and industrial fleets of cars and trucks from these outlets.

Motorcade Stores Limited has selected a staff of highly trained personnel with experience in the automotive supply, accessory and service business. The President, Mr. Martin Winter, has been associated with auto parts jobbing and wholesale distribution since 1947 prior to incorporating Motorcade Stores Limited in 1956.

An estimate of the future market potential of the automotive parts and accessories market and its implications to Motorcade has been given by Industrial Market Research Limited of Toronto who have written Motorcade as follows:

INDUSTRIAL MARKET RESEARCH LIMITED

MONTREAL - TORONTO - VANCOUVER

Senior Associates:

Victor C. Gruneau
Keith W. Kingsland

Research House
861 Broadview Avenue,
Toronto 6, Ontario
HOWARD 9-1131

30th August, 1961

Motorcade Stores Limited,
201 Schell Avenue,
Toronto, Ontario.

Gentlemen:

It has been our pleasure to investigate on your behalf the potential market available to Motorcade Stores Limited and to perform a preliminary evaluation of the share of this market which the company could reasonably expect to achieve by implementing current marketing strategy. As a result of our investigations we have come to the following conclusions.

- (1) Motorcade Stores Limited participates in the automotive parts and accessories market, the annual Canadian volume of which was 398 million dollars in 1959.
- (2) The proposed expansion into company-owned service and parts retail outlets will enable the company to participate in revenues from the garage and filling station market which had an annual Canadian volume of 1.1 billion dollars in 1960.
- (3) It is estimated that these markets will expand such that the total potential market available to the company should have an annual volume of 2.2 billion dollars by 1972.
- (4) From a survey of 20 current dealers selected at random, it was concluded that "Motorcade Stores Limited has very favourable relationships with their dealers and their customers. The company's arrangement enables the independent operators to expand their sales and profits. Their comments can be summarized by the statement that Motorcade Stores Limited is an expanding company with quality products and a reputation of fair dealings with customers and Motorcade dealers."
- (5) Product lines carried by Motorcade Stores Limited compare favourably in quality and price with similar items offered by their major competitors.
- (6) Considering the potential of the company in terms of normal market growth, the potential inherent in the current organization and the concept regarding company-owned outlets we conclude that: — Provided with sufficient capital and, continued sound and aggressive management it is expected that the current marketing strategy proposed by management should result in a conservatively estimated annual volume of \$11,450,000 by 1971.

Our discussion of these conclusions with supporting data is included in the more detailed report previously submitted under separate cover. It is hoped that this report will be made available to any who wish to study the material in detail.

Respectfully submitted,

V. C. Gruneau,
President,
INDUSTRIAL MARKET RESEARCH LIMITED
A Division of: Gruneau Research Limited.

MOTORCADE STORES LIMITED

STATUTORY INFORMATION

(a) The full name of the Company is MOTORCADE STORES LIMITED (hereinafter called the "Company") and its head office is at 201 Schell Avenue, Toronto 10, Ontario.

(b) The Company was incorporated under the laws of the Province of Ontario by Letters Patent dated the 29th day of October, 1956. Supplementary Letters Patent dated the 14th day of August 1961, have been issued to the Company converting it from a private to a public company and reorganizing its capital as set out in Paragraph (g) hereof.

(c) The general nature of the Company's business is that of distributors of automotive parts and accessories.

(d) The names in full, present occupations and home addresses of the directors and officers of the Company are as follows:

DIRECTORS

MARTIN WINTER	Manager	20 Forest Ridge Drive, Toronto, Ontario.
DOUGLAS ROY GILLAM	Manager	787 Vaughan Road, Toronto, Ontario.
RALPH EVERETT MARTIN	Executive	4 Swindon Road, Islington, Ontario.

OFFICERS

MARTIN WINTER	President	20 Forest Ridge Drive Toronto, Ontario.
DOUGLAS ROY GILLAM	Secretary- Treasurer	787 Vaughan Road, Toronto, Ontario.

(e) The auditors for the Company are Kay, Sheldon, Cole & Co., Chartered Accountants, 3089 Bathurst Street, Toronto, Ontario.

(f) The registrar and transfer agent of the Company is The Canada Trust Company, 110 Yonge Street, Toronto, Ontario.

(g) By its Letters Patent aforesaid, the authorized capital of the Company was \$40,000.00 divided into 39,500 six per cent non-cumulative redeemable preference shares with a par value of \$1.00 each and 500 common shares with a par value of \$1.00 each. Of the said 39,500 preference shares 16,000 said shares were originally allotted and issued at par in 1957, 4,000 thereof were redeemed and cancelled in 1958 and a further 8,900 thereof were redeemed and cancelled in 1960, leaving 23,500 preference shares authorized and unissued and 3,100 preference shares issued. Of the said common shares, 200 common shares were duly allotted and issued at par leaving 300 common shares authorized and unissued.

By Supplementary Letters Patent aforesaid inter alia the 3,100 issued and 23,500 unissued preference shares and 200 issued and 300 unissued common shares of the Company were reclassified and subdivided into 400,000 issued and 369,000 unissued common shares without par value, and the authorized capital of the Company was increased by creating an additional 231,000 common shares of the Company without par value. The aggregate maximum consideration for which such 1,000,000 common shares without par value may be issued is \$1,000,000.00. The authorized capital at the date of this Prospectus is the aforesaid 1,000,000 common shares without par value, of which at the date hereof 400,000 shares have been issued and are outstanding as fully paid and non-assessable.

(h) Each share of the capital stock of the Company is equal to every other share and all shares participate equally on liquidation or distribution of assets or dividends and enjoy full voting rights of one vote per share at all meetings of shareholders.

(i) There are no bonds or debentures outstanding or proposed to be issued nor are there any other securities issued or proposed to be issued which if issued, will rank ahead of or pari passu with the shares hereby offered.

(j) No substantial indebtedness, other than indebtedness which may be incurred in the ordinary course of business, is to be created or assumed which is not shown or referred to in the balance sheet and pro forma balance sheet of the Company as at June 30, 1961, filed with the Ontario and Quebec Securities Commissions and forming part of the Prospectus.

(k) No securities are covered by options outstanding or proposed to be given by the Company.

(l) 115,000 common shares without par value in the capital of the Company are offered by this Prospectus. 100,000 of the said shares are offered by the Company and 15,000 of the said shares are offered by shareholders. Pursuant to and subject to the terms and conditions of an agreement dated September 29, 1961, between the Company and certain shareholders of the Company, and R. H. Scarlett & Co. Ltd., 11 Adelaide Street West, Toronto, Ontario, as principal (hereinafter called the "Underwriter"), the Underwriter has agreed to purchase and the Company and the shareholders aforesaid have agreed to sell all of the said shares so offered at the price of \$2.45 per share. The said 15,000 shares so offered by the said shareholders do not represent new financing by the Company and the Company will receive no part of the purchase price thereof. The issue price to the public of the said shares is \$2.75 per share. After the said 115,000 shares have been distributed, the holders of the 500,000 shares of the Company then issued and outstanding or some thereof may offer to sell and sell their shares or some thereof from time to time in the course of primary distribution through registered security dealers who, if not beneficial owners of the shares so offered, will be acting as agents and will be paid the usual and customary commissions at the established rates of the Toronto Stock Exchange or a commission not to exceed 10% of the sale price. Reference is made, however, to Paragraph (ze) hereof as to certain escrow provisions respecting certain of the said shares.

(m) The estimated net proceeds to be derived by the Company from the sale of the said 100,000 shares on the basis of such shares being fully taken up and paid for are \$245,000.00 less legal and auditing fees and other expenses in connection with the issue estimated at \$12,500.00.

(n) The net proceeds of the sale by the Company of the said 100,000 shares will be used as follows: —

- (i) up to \$30,000.00 may be used in reduction of accounts payable;
- (ii) part of the proceeds will be used to eliminate the Company's overdraft and loan with its bankers. As at June 30, 1961 this amount was approximately \$39,632.96; and
- (iii) the balance will be used to finance the establishment of direct-to-consumer stores and for general corporate purposes.

(o) In the opinion of the directors, no minimum amount must be raised by the current issue to provide the sums or the balance of the sums required (i) to pay the purchase price of any property; (ii) to pay preliminary expenses; and (iii) to pay any commission payable by the Company in respect of subscriptions for shares in the Company. As to repayment of bank loans see Paragraph (n).

(p) In respect of the underwriting agreement with the Underwriter, reference is hereby expressly made to Paragraph (1) hereof.

(q) The by-laws of the Company provide that:

“The remuneration to be paid to the directors shall be such as the board of directors shall from time to time determine and such remuneration shall be in addition to the salary paid to any officer of the Company who is also a member of the board of directors. The directors may also by resolution award special remuneration to any director undertaking any special service on the Company’s behalf other than the routine work ordinarily required of a director by the Company and the confirmation of any such resolution or resolutions by the shareholders shall not be required. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Company.

(r) No remuneration was paid by the Company to its directors as such during the financial year ended November 30, 1960, and it is not anticipated that any remuneration will be paid to the directors as such during the current financial year. During the financial year ended November 30, 1960, the aggregate remuneration paid to officers of the Company, who individually received remuneration in excess of \$10,000.00 per annum, was \$10,530.00. The aggregate remuneration estimated to be paid or payable during the current financial year to officers, who individually may be entitled to receive remuneration in excess of \$10,000.00 per annum, is \$15,000.00. (See Paragraph (za) on the terms of an employment agreement with Mr. Winter).

(s) No amount has been paid within the two preceding years or is payable as a commission by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company.

(t) The Company has been carrying on business for more than one year.

(u) & (v) Except for transactions entered into in the ordinary course of operations or on the general credit of the Company, no property has been purchased or acquired by the Company. It is the Company’s intention in line with its expansion program to enter into contracts for acquisition by purchase or lease of locations in metropolitan areas to establish direct-to-consumer stores selling automotive parts and accessories and providing automobile service and repairs.

During the course of its business, the Company has acquired in satisfaction of certain indebtedness three second mortgages totalling as at June 30, 1961, \$11,645.00.

(w) No securities of the Company have within the two years preceding the date of this Prospectus been issued or agreed to be issued as fully or partly paid up otherwise than in cash.

(x) No obligations are being offered.

(y) No service have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the sales of the shares hereby offered other than legal and auditing and other services in connection with the offering of the shares herein mentioned.

(z) No amount has been paid or is intended to be paid to any promotor.

(za) No material contract has been entered into by the Company within the two years preceding the date hereof other than contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company except the underwriting agreement referred to in Paragraph (1) hereof, to which reference is hereby expressly made, and a contract with Martin Winter, the President of the Company. The said Martin Winter has agreed to serve the Company for a period of five (5) years, devoting his entire time and attention to the business of the Company at a salary commencing at \$15,000.00 in the first year and thereafter at a salary to be fixed yearly by the board of directors of the Company, which salary in any event shall not be less than \$15,000.00

Copies of the above mentioned agreements may be inspected during ordinary business hours at the head office of the Company aforesaid during the period of primary distribution.

(zb) No director of the Company or firm of which a director is a partner has any interest in the promotion of or in any property acquired by the Company within the two years preceding the date hereof or proposed to be acquired by the Company.

(zc) The Company has been carrying on business for more than three years.

(zd) The said Martin Winter by reason of beneficial ownership of securities of the Company is in a position to elect or cause to be elected a majority of the directors of the Company.

(ze) 315,000 shares of the capital stock of the Company are held in escrow by The Canada Trust Company, subject to release pro rata to the parties entitled thereto as follows:

105,000 shares — 6 months from the effective date;
105,000 shares — 9 months from the effective date; and
105,000 shares — 12 months from the effective date, or

earlier only with the written consents of the Ontario and Quebec Securities Commissions.

Provided that said 315,000 shares shall remain in voluntary escrow after release by the Commissions as aforesaid for such additional period of time as the Underwriter may require, but in any event not to exceed a maximum period of eighteen (18) months after the effective date.

Provided further that said shares may not be hypothecated, charged, pledged or otherwise alienated during said eighteen month period without the written consent of the Underwriter.

The effective date herein means the date on acceptance of a prospectus by the Ontario and Quebec Securities Commissions, whichever is the later.

(zf) The Company has not paid any dividends on its shares.

(zg) The Underwriter may sell some or all of the 115,000 shares offered by this Prospectus to registered brokers at a price less than \$2.75 per share, which registered brokers may offer the said shares for sale to the public in the course of primary distribution at the price of \$2.75 per share.

(zh) Under an agreement dated June 1961, certain principal shareholders of the Company have agreed on the effective date of this Prospectus to transfer to Rosmar Corporation Limited, 100 Adelaide Street West, Toronto, a registered security dealer, as principal, 100,000 shares of the Company of which 70,000 will be free and 30,000 escrowed under the provisions of Paragraph (ze) hereof. After the 115,000 shares offered under this Prospectus have been distributed, the said 70,000 free shares (and the 30,000 escrowed shares when free) may be offered for sale and sold from time to time in the course of primary distribution under the selling plans set forth in Paragraph (1) hereof. None of the proceeds of any such sales by Rosmar Corporation Limited will benefit the Company.

There are no other material facts not disclosed in the foregoing.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario) and under the Quebec Securities Act and there is no further material information applicable other than in the financial statements or reports where required or exigible.

DATED this 29th day of September, 1961.

DIRECTORS:

(Signed) "M. Winter"

(Signed) "D. R. Gillam"

(Signed) "R. E. Martin"

UNDERWRITER:

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario) and under the Quebec Securities Act and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

The following are the names of every person having an interest, either directly or indirectly to the extent of not less than 5% in the capital of the Underwriter: R. Herbert Scarlett, R. Hunter Scarlett, N. L. Sandler.

R. H. SCARLETT & CO. LTD.

Per: "R. Herbert Scarlett"

Per: "R. Hunter Scarlett"

MOTORCADE STORES LIMITED

Statement of Earnings

FOR THE PERIOD FROM DATE OF COMMENCEMENT (DECEMBER 1, 1956)
TO JUNE 30, 1961

Fiscal year ended	<i>Profit before depreciation and taxes on income</i>	<i>Depreciation</i>	<i>Taxes on income</i>	<i>Net profit</i>
November 30, 1957.....	\$ 8,237.16	\$3,679.12	\$ 995.02	\$ 3,563.02
November 30, 1958.....	13,405.58	3,026.80	2,283.27	8,095.51
November 30, 1959.....	26,250.22	3,305.42	5,047.85	17,896.95
November 30, 1960.....	27,187.31	3,514.20	5,444.80	18,228.31
Seven months ended				
June 30, 1961.....	11,291.97	2,198.00	2,091.62	7,002.35

AUDITORS' REPORT

To the Directors,
Motorcade Stores Limited.

We have examined the statement of earnings of Motorcade Stores Limited for the period from date of commencement (December 1, 1956) to June 30, 1961. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we consider necessary in the circumstances.

In our opinion, the accompanying statement of earnings presents fairly the results of operation of the company for the period from date of commencement (December 1, 1956) to June 30, 1961, in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, August 8, 1961.

Respectfully submitted,

"KAY, SHELDON, COLE & CO."

Chartered Accountants

MOTORCADE STORES LIMITED

Balance Sheet and Pro Forma Balance Sheet

As at June 30, 1961

ASSETS

	BALANCE SHEET	PRO FORMA BALANCE SHEET (NOTE 1)
CURRENT ASSETS		
Cash on hand and in bank	\$ 670.45	\$163,537.49
Accounts receivable less allowance of \$1,554.98 for doubtful accounts	76,185.09	76,185.09
Inventory — at lower of cost or market	146,630.87	146,630.87
Salesmen's advances	3,530.75	3,530.75
Mortgage instalments due within one year	3,116.00	3,116.00
Prepaid expenses and sundry assets	4,122.78	4,122.78
	<u>\$234,255.94</u>	<u>\$397,122.98</u>
SECOND MORTGAGES RECEIVABLE ON REAL ESTATE	<u>\$ 11,645.00</u>	<u>\$ 11,645.00</u>
Deduct — Instalments due within one year	3,116.00	3,116.00
	<u>\$ 8,529.00</u>	<u>\$ 8,529.00</u>
FIXED ASSETS — AT COST		
Furniture and equipment	\$ 13,981.04	\$ 13,981.04
Automobile and trucks	11,198.50	11,198.50
	<u>\$ 25,179.54</u>	<u>\$ 25,179.54</u>
Less — Accumulated depreciation	11,492.97	11,492.97
	<u>\$ 13,686.57</u>	<u>\$ 13,686.57</u>
GOODWILL (NOTE 2)		<u>\$100,000.00</u>
EXPENSES OF ISSUE — ESTIMATED		<u>12,500.00</u>
TOTAL ASSETS	<u><u>\$256,471.51</u></u>	<u><u>\$531,838.55</u></u>

Approved on behalf of the Board:

Director "M. Winter"

Director "D. R. Gillam"

MOTORCADE STORES LIMITED

Balance Sheet and Pro Forma Balance Sheet
As at June 30, 1961

LIABILITIES AND CAPITAL

		BALANCE SHEET	PRO FORMA BALANCE SHEET (NOTE 1)
CURRENT LIABILITIES			
Bank advances—net (secured).....		\$ 39,632.96	
Accounts payable and sundry liabilities.....		152,567.14	\$122,567.14
Corporation taxes payable.....		7,055.27	7,055.27
		<u>\$199,255.37</u>	<u>\$129,622.41</u>
CAPITAL STOCK AND SURPLUS			
CAPITAL STOCK			
	<i>Issued and</i>		
<i>Authorized</i>	<i>fully paid</i>		
26,600	3,100 Preferred shares, 6%, non-cumulative, redeemable par value \$1.00 each	\$ 3,100.00	
500	200 Common shares, par value \$1.00 each	200.00	
PRO FORMA CAPITAL STOCK			
	<i>Issued and</i>		
<i>Authorized</i>	<i>fully paid</i>		
1,000,000	500,000 Common shares, without par value		\$248,300.00
Appraisal surplus (Note 2).....			100,000.00
Earned surplus		53,916.14	53,916.14
		<u>\$ 57,216.14</u>	<u>\$402,216.14</u>
		<u>\$256,471.51</u>	<u>\$531,838.55</u>

The accompanying notes to the balance sheet and pro forma balance sheet form an integral part thereof and should be read in conjunction therewith.

AUDITORS' REPORT

To the Directors,
Motorcade Stores Limited,

We have examined the balance sheet and the pro forma balance sheet of Motorcade Stores Limited as at June 30, 1961. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion

- The accompanying balance sheet presents fairly the financial position of the company as at June 30, 1961 in accordance with generally accepted accounting principles; and
- The accompanying pro forma balance sheet presents fairly the financial position of the company as at June 30, 1961, in accordance with generally accepted accounting principles after giving effect to the changes set forth in the heading thereof.

Respectfully submitted,
"KAY, SHELDON, COLE & CO."
Chartered Accountants.

Toronto, August 8, 1961.

MOTORCADE STORES LIMITED

NOTES TO BALANCE SHEET AND PRO FORMA BALANCE SHEET

AS AT JUNE 30, 1961

NOTE 1 The pro forma balance sheet gives effect to the following:

1. The issue to the company of supplementary letters patent.
 - (a) Converting the company to a public company.
 - (b) Changing the authorized capital of the company to 1,000,000 common shares without par value.
 - (c) Converting all the presently issued and outstanding shares in the capital of the company into 400,000 fully paid and non-assessable common shares.
2. The appraisal of goodwill at an amount greater than \$100,000.00 (Note 2).
3. The issuance and sale of 100,000 shares to an underwriter for a cash consideration of \$245,000.00.
4. The payment of bank advances — net in the amount of \$39,632.96.
5. The payment of \$30,000.00 to be used in the reduction of accounts payable.
6. The payment of legal, audit and other expenses of issue estimated at \$12,500.00.

NOTE 2 The value of goodwill is based on appraisals by Industrial Market Research Limited and Mr. G. Ovens of Elder, Donaldson and Crofts both dated July, 1961 for an amount greater than \$100,000.00.